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SUBJECT: MEDIA REACTION: SIX PARTY TALKS

1. Summary: Amid the extensive coverage of local politics and Typhoon Matsa that hit Taiwan last Friday, the major Chinese-language Taipei dailies also focused their reporting August 5-8 on the arms procurement bill that is currently stuck in the Legislative Yuan, and other cross-Straits issues. The pro-independence "Liberty Times," Taiwan's biggest daily, ran a banner headline on its front page August 5 that read: "With the Pan-Green camp moving a step backward, dawn breaks on the arms procurement case." The sub-headline added: "President Chen directs that part of the funding designated for the arms procurements can be listed in [the government's] regular annual budget. The Pan-Blue camp shows conditional support but stresses that they need to see a comprehensive budget report first [before making any final decision]." The pro-unification "United Daily News" and some other major Chinese-language newspapers also reported on their inside pages August 5 that Chen stated that Taiwan's national defense budget should increase gradually and should equal three percent of Taiwan's GDP within the next three years.

With regard to cross-Straits relations, the centrist "China Times" printed on page two of the August 7 edition that President Chen "updated" his cross-Straits guidelines during the fourth anniversary celebrations of the founding of the Taiwan Solidarity Union. The news story was topped with the headline: "[With regard to] cross-Straits relations and [Taiwan's] sovereignty, President Chen [announced a policy of] One Principle, Three Insistences, and Five Oppositions." The "Liberty Times" and the pro-independence "Taiwan Daily" also carried similar news stories on their front and inside pages, respectively.

2. In terms of editorials and commentaries, several newspapers carried commentaries regarding the Six Party Talks in Beijing. A "China Times" commentary said it is unlikely that any conclusion will be reached even when the Six Party talks are resumed three weeks from now - unless there is genuine mutual trust between Washington and Pyongyang. Taiwan Think Tank International Affairs Director Lai I-chung commented in a "Taiwan Daily" column that the Six Party Talks will push for a strategic reshuffle in Northeast Asia, and that Washington and Beijing will shift from cooperation to competition when it comes to the North Korean issue. A "United Daily News" editorial discussed President Chen's idea of "a new balance of power in the Taiwan Strait" by comparing the situation in the Taiwan Strait with that on the Korean Peninsula. The editorial called on Chen to learn from Seoul's example and to ponder upon his own cross-Straits policy. End summary.

A) "What Happens Next after the Six Party Talks Are Suspended?"

The "International Outlook" column of the centrist, pro-status quo "China Times" [circulation: 500,000] commented (8/8):

"The Six Party Talks will be suspended for three weeks; it's like marking a comma rather than a full stop [for the talks]. But will the differences be removed and problems be resolved after the talks are resumed three weeks from now? [The answer is] it is difficult [for the problems to be resolved]. .

"U.S. Secretary of State Condoleezza Rice said that resolution of the nuclear crisis on the Korean Peninsula could wait only for a few weeks rather than 13 months. This is tough talk. But the truth is that North Korea really has nothing to fear now. Firstly, Pyongyang is already in possession of nuclear weapons. Even if it is required to abandon them, it can still hide some of them while handing over the others. Secondly, what better options does the United States have other than to appeal to the United Nations Security Council? Will Beijing and Russia not veto any resolutions to sanction North Korea? Judging from this perspective, the outcome will not be very optimistic when the Six Party talks resume, unless there is real mutual trust between Washington and Pyongyang."

B) "Six Party Talks Will Push for a Strategic Reshuffle in Northeast Asia - Washington and Beijing Shift from

Cooperation to Competition with Regard to the North Korean Issue - Part I"

Lai I-chung, International Affairs Director of the Taiwan Think Tank, observed in the "International Spotlight" column of the pro-independence "Taiwan Daily" [circulation: 150,000] (8/8):

". Beijing, on its left wing, shows a dominant influence over the Korean Peninsula, while on its right wing, it has undermined the United States' leading role in the cross-Strait issues by taking advantage of the new situation created in Taiwan following the China visits by [KMT Chairman] Lien Chan and [PFP Chairman] James Soong. For China, Pyongyang's possession of nuclear weapons can in reality intimidate Japan and thus further restrain the strategic function of the 'U.S.-Japan [security] alliance.' Under such a circumstance, Beijing's strategy is that it hopes the 'Six Party Talks' will go on without reaching a clear resolution on how to handle the nuclear problems on the Korean Peninsula. As long as the 'Six Party Talks' can continue, China will be able to keep in its hand a diplomatic tool that can control the strategic agenda in Northeast Asia. .

". When [we] look at what China did in the "Six Party Talks," . [we can say that] as the trend of strategic competition between Washington and Beijing intensifies, the North Korean issue has gradually changed from a lubricant for U.S.-China cooperation into a dispute between the two. Nonetheless, neither Washington nor Beijing wants to see their differences go public. China hopes that the Six Party Talks will go on, so it starts to place pressure on North Korea; Washington has no complaint about this part. As a result, Washington and Beijing continue to maintain a harmonious relationship on the surface with regard to the 'Six Party Talks,' which has covered up the wrestling under the table wrestling. Such a development has become one of the characteristics of U.S.-China interactions in the Six Party Talks this time. ."

C) "The Presence of Balance: Comparison between the Taiwan Strait and Korean Peninsula"

The pro-unification "United Daily News" [circulation: 500,000] editorialized (8/6):

". A more profound analysis shows that Seoul's balance of power is built on the two parallel axes as advocated by South Korean President Roh Moo-Hyun - 'those who are directly involved play the central role' and have 'international cooperation.' The first axis is aimed at pursuing South Korea's leadership and dominance over issues related to the Korean Peninsula and further demand that interactions between North and South Korea de-link their relations with other major countries that are involved. The result, as it stands, is that even though tension exists between Washington and Pyongyang, the interaction between North and South Korea is still maintained on a basis of stable development. The other axis emphasizes a dynamic balance of powers between South Korea and other major countries. As a result, when tension intensifies between Washington, Tokyo and Pyongyang, the interactions between Seoul and Beijing also increase.

"[Taiwan] may find an answer for [President Chen Shui-bian's] 'new balance of power in the Taiwan Strait' by looking at the model of South Korea, including: first, that a balance of power is a progressive, dynamic balance created in the status quo; second, if [Taiwan] does nothing but go lopsided toward the United States, it will not only lose its independence but will also fail to maintain a balance of power in the region; third, if [Taiwan] loses its independence and leadership in its cross-Strait policy, it will become a bargaining chip for the power trade between other major countries. ."

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